

G. R. S. IX-5]

Previous references.

S. N. 55-128 131,239 m 40,
S. N. 166-138 29 m 40, 1917-18
S. N. 166-138 29 m 40, 1917-18
(S.F.)

File No. 223-17

Serial Nos. 112

Later references.

G. 7 95-1886: 5-12, 13 October 1919
G. 7 209-19-2

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 112

Part B for July 1918

SUBJECT.

System of deposit account of Director of
Industries and Commerce in the Mysore
Bank for keeping the amount drawn from the
Treasury on behalf of the Government.

Sl. 2.

To
The Comptroller
in Director of I.C.
No. M. 582-3 dated 27-7-18.

That the exceptional procedure
is not desirable to continue and direct
that in future no money should be
drawn from the Treasury till it is
actually required for payment.

M. K. Channarayana
12-9-18.

1917. 8

GENERAL AND REVENUE SECRETARIAT.

(47)

NOTES.

47 File No. 223-17

FILE HEADING
 System of deposit account of Director of Industries &
 Commerce in the Mysore Bank for keeping the amount
 from the Treasury on behalf of the borrowers

From

The Comptroller

No. L. 311

Dated 1.

5 18

Received 17 5 18

Diary No. 3069

Enclos. 1

Spare Copies.

Serial No.)

BRIEF ABSTRACT OF LETTER.

States that the authority given to the Director ~~power~~
 to open a deposit account in the Bank is Extraordi-
 nary and may be reconsidered in the circumstances
 explained in the letter.

NOTES AND ORDERS.

A/s remark - "Put up p.p. soon".

Subd with references.

29/5/17
 30/5/17
 Kind reference is made to the
 Opinion rendered on 23.12.1913 and the 7c
 with the note of 9/1/14. - The point for which
 (the key) is a generalisation of adu. Reg. T. 16

NOTES—First Sheet.

36-88

97 File No. 223 of 1917.

Serial
No.

Unless the Industries Dept^{re} can show how the method suggested by the Comptroller will cause inconvenience I would strongly support the Comptroller's proposal. Is Secy & Co for remarks.

M₂

27/6 1828p

I am inclined to agree with the Comptroller and the Financial Secretary that it is not desirable to permit the Director to draw the amount and place it in the Bank. ~~Whatever~~ Whatever means there may have been when the system was first introduced for such unofficial procedure, I do not think it is necessary to continue it where machinery is provided in the bank-purchase system the amount has to be paid to the bank and it makes no difference whether it is paid direct or through the Bank. Similarly when the loans have to be advanced

NOTE—Contn. sheet.

82 File No. 223 of 1917.

Serial
No.

Of course there is much to be said in favour of transferring this business altogether to the Bank but it is not prepared to take the risk except with some extraordinary concessions. The only advantage the Dept can claim from the existing procedure is that the money is readily paid without any elaborate enquiry a request for vouchers. I am not sure whether the procedure has not been too much simplified to be altogether safe in the interests of the Govt. If the Director is not inclined to make any further amendments in the matter coming to the notice of the Audit Dept for several years.

Yours truly

A
29/6/18M.
1/7

In the light of past experience it does not appear to me the desirable to continue the present system. It may be considered how to have served the purpose for which it

NOTE—Contn. sheet.

7 File No. 223 of 1917.

Serial
No.

was originally intended and that no particular reason exists for a continuance of it. I am aware however that from the commercial point of view the arrangement will not be quite a convenient one, which, I think, is the apprehension of the ~~officer~~ Director. But this cannot be helped. As the Director is a Provincial officer with HQs at Bangalore there ought to be no delay or difficulty in his getting payments made by the Comptroller. But the Comptroller should also in his turn, see that the requisitions are completed with promptness, provided of course they are in order. If the situation is clearly understood by both the Director & the Comptroller, there need be no apprehension about smoothness in working. What about the points raised by the Comptroller in regard to the apt kept by Mr. Chatterjee, but cleared by him subsequently? The office notes are singularly silent on this!

Reel
4.7.18

G. R. S. 12]

General and Revenue
Secretariat.

C-7

~~File No.~~

File No. 223

of 1917.

Serial
No.

Why this hazard?

The explanation that Mr. Chatterton
gave (probably true) is that he
draws the money on behalf of
the parties concerned, has rendered
accounts to them and that as
the Govt have got back the sum
which the individuals owe to them
can be supposed it is a matter between
the parties and himself. The
only further investigation that
may be made under the present
circumstances is whether Govt having
as an equivalent to the amounts
drawn by Mr. Chatterton documents of
proof which the amounts can be
accounted in full. This information
may be called for. I did not
touch on this point in the file
which came to me in connection with
a question of procedure

number

572/4

I should not mind like information in
the present case called for. It is no use seeing
content which probably is in a private collection
of the Govt.

13.7.17

NOTE—Contn. sheet.

97 File No. 222 of 1917.

Serial
No.

- 1) Put up draft modifying the previous
adv - brief adv also.
- 2) The points raised in members' advs.
be separately embodied in No VI.

18
10/7/18

Subs with ^{types} draft.
rd mm.
4/7. 7C (adv)
15/7.

18
15/7

18
22/7

18th member) before issue

18
22/7

23/7/18

Issue
18
23/2

2

To.
The Comptroller to Govt.
Director of G & R Branch VI
X no. 582-3 & 27-7-18
State that the ^{exceptional} procedure referred to
in XI is not desirable to continue
& direct that in future no
money should be drawn from the

G. R. S. III-2)

3068

General and Revenue
Secretariat.

G. > File No. 223 of 1917.

Serial
No.

Treasury till it is actually required
for payments.

B

NOTE—Contn. sheet.

Please address all future communications
to the Comptroller to the Govt. of H. H.
the Maharaja of Mysore.
In reply to this Comd. please refer to
No. Loans. 211. 8/1

OFFICE OF THE COMPTROLLER TO THE
GOVERNMENT OF HIS HIGHNESS THE MAHARAJA
OF MYSORE.

Dated, Bangalore, the 15th ~~191~~ May 1918.

02843.

FROM

M. N. KRISHNA RAO, ESQ., B.A.,

~~999~~ Comptroller to the Government of
His Highness the Maharaja of Mysore.

To Rajamantrapravina

.....Dewan Lahadur J. S. Chakravarti....., Esq., M.A., F.R.A.S., Etc.,

Secretary to the Government of Mysore,

.....F. i. n. a. n. c. i. a. l Department.

SIR,

x T I have the honor to invite reference to Government Order No.G.
6770-1/G.M. 166-13-44 dated 25th February 1914 authorising the - -
Director of Industries and Commerce to open a deposit account in the
Mysore Bank for keeping the amounts of loans drawn from the treasury
for borrowers who prefer to accept condition No. II (1) of Form 3
appended to Government Order No. G. 2097-145/G.M.55-12-239 dated 2nd.
September 1913 and to entrust to the Department of Industries and Com-
merce the work of setting up the machinery bought for them.

2. According to this order, Mr. Chatterton opened an account in
his personal name and closed it when he handed over charge of the
office of the Director of Industries and Commerce to Mr. V. Rangaswami
Iyengar, who has opened a new account in the name of the Director of
Industries and Commerce. A sum of Rs. 7,895-5-7 was refunded to the
treasury when the account in the name of Mr. Chatterton was closed.
A statement showing the transactions with the Bank, resulting in the
balance of this amount was called for from the Officiating Director
and he has written to say that he is unable to furnish details as no
account

account is available in his office. The account was earning interest on monthly minimum balances for some time and on daily balances thereafter. As details of the account are not available, it cannot be ascertained what interest was allowed by the Bank and how it was disposed of.

3. Under rule 4 of the Rules sanctioned in Government Order No. G. 2097-145/G.M.55-12-239 dated 2nd September 1913 where a loan amount is expended by the Department of Industries and Commerce, interest is payable by the borrower only from the date on which the machinery is put in working order by that Department and the borrower is put in possession of the same. Whatever interest is earned in the meantime on the amounts deposited in the Mysore Bank is creditable to Government.

4. Where the amount of a loan is to be expended on behalf of a borrower by the Director, there is no reason why the whole of it should be drawn from the treasury and kept in a Bank. In such a case, the amount not immediately required for purchase of machinery is not payable to the debtor nor has the debtor to pay interest on it before the machinery is set up and possession of it is made over to him. The money not required for payment should remain at credit of Government and cannot be withdrawn for being kept in a Bank. It is a fundamental rule that no money should be drawn from the treasury until it is actually required for immediate disbursement. The treasury resource operations are all calculated on this important rule and no departure from it should be permitted. The present Director wants the existing procedure to be continued and I send a copy of his letter on the subject. He states that the arrangement of depositing in the Mysore Bank the loans drawn in simple instalments, is convenient in paying by means of Bank drafts for purchases made. There can be no difficulty or delay in obtaining funds when payments have to be made. Hundreds of payments outside the State on behalf of the different departments

departments are being arranged for by this office and it cannot be urged that payments for purchase of machinery for borrowers of these loans alone require a special arrangement and cannot be made by following the usual procedure obtaining in all the departments.

5. The procedure permitted by Government Order No.G. 6770-1/
G.M. 166-13-14 dated 25th February 1914 is as extraordinary as it
is unnecessary. I request a reconsideration of the order in the
circumstances explained above.

I have the honor to be,

Sir,

Your most obedient servant,

M. N. S. R.
Comptroller.

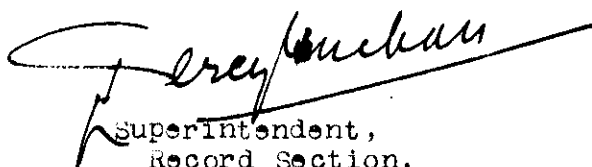
LT/15-5.

74
15-5-18

Letter No.802 dated 8th August 1917 from the Offg:
Director of Industries and Commerce in Mysore, Bangalore to
the Comptroller to the Government of His Highness the Maha-
raja of Mysore, Bangalore.

With reference to your letter No.896/Loans 93 of the
16th July 1917 requesting me to intimate my views regarding
the discontinuance of the present system of drawing in a lump-
sum the amount sanctioned as loan for industrial and Agri-
cultural purposes and then depositing the same in the Mysore
Bank, I have the honour to state that the existing system af-
fords many facilities especially as regards payment to firms
outside the State by means of Bank drafts. Since the intro-
duction of the present system, correspondence regarding ar-
rangement for payment has been much minimised. As all the
amounts drawn are deposited in the Bank in the name of the
Director of Industries and Commerce, whatever interest ac-
crues thereon, will be at the disposal of the Government. As
the present system has not been found to be defective in any
way, I am not in favour of changing it.

"Copy"


Superintendent,
Record Section,
Comptroller's Office.

**Government of his Highness the Maharaja
of Mysore.**

GENERAL AND REVENUE DEPARTMENTS.



**G. O. No. Fl. 582-3—G. F. 223-17-2,
dated 27th July 1918.**

Director of Industries and Commerce.

Cancelling the order permitting the — to draw the amount of loans sanctioned from the Treasury in lumpsum and to place it in the Mysore Bank pending payment.

S. O.

Director of Industries and Commerce.

No. FL. 582-3—G. F. 223-17-2 DATED 27TH JULY 1918.

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE.

GENERAL AND REVENUE DEPARTMENTS.

READ—

Government Order No. G. 6770-1—G. F. 166-13-44, dated the 25th February 1914, permitting the Director of Industries and Commerce to draw from the Treasury, in lump-sum, the loans sanctioned for Agriculture and Industrial purposes, and to open a deposit account in the Mysore Bank for keeping the sums so drawn pending their disbursement to the borrowers in instalments or their utilisation in purchasing and setting up the machinery required by the borrowers as the case may be.

2. Letter No. Loans 311, dated the 15th May 1918, from the Comptroller to Government pointing out that the procedure authorised by the Government Order of 1914, contravenes a fundamental rule, that no money should be drawn from the Treasury until it is actually required for payment, and requesting a reconsideration of the said order.

(Printed in extenso as annexure.)

Order No. FL. 582-3—G. F. 223-17-2, dated 27th July 1918.

Government do not consider it desirable to continue the exceptional procedure sanctioned in the order read above and they direct that in future no money should be drawn by the Director from the Treasury till it is actually required for payment to the payees concerned.

2. The Director should arrange to close the deposit account in his name in the Mysore Bank at an early date and render full accounts to the Comptroller.

3. Details for the sum of Rs. 7,895-5-7, refunded to the Treasury when the account in the name of Mr. Chatterton was closed will be called for and the matter separately examined in the Administration Department of Government. The Comptroller is also requested to examine the details of the account and submit a report to Government.

J. S. CHAKRAVARTI,
Financial Secretary to Government.

To—The Comptroller, Mysore Government.

The Director of Industries and Commerce in Mysore.

Exd. C R.

No. FL. 582-3—G. F. 223-17-2, DATED 27TH JULY 1918.

ANNEXURE.

Letter No. Loans 311, dated 15th May 1918, from the Comptroller to the Government of His Highness the Maharaja of Mysore, to the Secretary to the Government of Mysore, Financial Department.

I have the honor to invite reference to Government Order G. 6770-1—G. M. 166-13-44, dated 25th February 1914, authorising the Director of Industries and Commerce to open a deposit account in the Mysore Bank for keeping the amounts of loans drawn from the treasury for borrowers who prefer to accept condition No. II (1) of Form 3 appended to Government Order No. G. 2097-145—G. M. 55-12-239, dated 2nd September 1913, and to entrust to the Department of Industries and Commerce the work of setting up the machinery bought for them.

2. According to this order, Mr. Chatterton opened an account in his personal name, and closed it when he handed over charge of the office of the Director of Industries and Commerce to Mr. V. Rangaswami Iyengar, who has opened a new account in the name of the Director of Industries and Commerce. A sum of Rs. 7,895-5-7 was refunded to the treasury when the account in the name of Mr. Chatterton was closed. A statement showing the transactions with the Bank, resulting in a balance of this amount was called for from the Officiating Director and he has written to say that he is unable to furnish details as no account is available in his office. The account was earning interest on monthly minimum balances for some time and on daily balances thereafter. As details of the account are not available, it cannot be ascertained what interest was allowed by the Bank and how it was disposed of.

3. Under Rule 4 of the Rules sanctioned in Government Order No. G. 2097-145—G. M. 55-12-239, dated 2nd September 1913, where a loan amount is expended by the Department of Industries and Commerce, interest is payable by the borrower only from the date on which the machinery is put in working order by that department and the borrower is put in possession of the same. Whatever interest is earned in the meantime on the amounts deposited in the Mysore Bank is creditable to Government.

4. Where the amount of a loan is to be expended on behalf of a borrower by the Director, there is no reason why the whole of it should be drawn from the treasury and kept in a Bank. In such a case, the amount not immediately required for purchase of machinery is not payable to the debtor nor has the debtor to pay interest on it before the machinery is set up and possession of it is made over to him. The money not required for payment should remain at credit of Government and cannot be withdrawn for being kept in a Bank. It is a fundamental rule that no money should be drawn from the treasury until it is actually required for immediate disbursement. The treasury resource calculations are all calculated on this important rule and no departure from it should be permitted. The present Director wants the existing procedure to be continued and I send a copy of this letter on the subject. He states that the arrangement of depositing in the Mysore Bank the loans drawn in single instalments, is convenient in paying by means of Bank drafts, for purchases made. There can be no difficulty or delay in obtaining funds when payments have to be made. Hundreds of payments outside the State on behalf of the different departments are being arranged for by this office and it cannot be urged that payments for purchase of machinery for borrowers of these loans alone require a special arrangement and cannot be made by following the usual procedure obtaining in all the departments.

5. The procedure permitted by Government Order No. G. 6770-1—G. M. 166-13-14, dated 25th February 1914, is as extraordinary as it is unnecessary. I request a reconsideration of the order in the circumstances explained above.

Proceedings of the Government of
H.H. the Maharaja of Mysore.

Read -

Government Order G.6770-1/G.M.
166-13-44 dated the 25th February 1914
permitting the Director of Industries
and Commerce to draw from the Treasury
in lumps; The loans sanctioned for
Agriculture and Industrial purposes,
and to open a deposit account in the
Mysore Bank for keeping the sums so
drawn pending their disbursement to the
borrower in instalments or their utili-
sation in purchasing and setting up
the machinery required by the borrower
as the case may be.

May this be

i Printed?

ii treated as a standing order?

iii ~~published in the Gazette~~
~~English part~~

iv ~~translated?~~

v ~~placed at the disposal of the press~~

vi ~~published in the Gazette~~
~~Kannada part~~

2. Letter No. Loans 311 dated the
15th May 1918 from the Comptroller to
Government pointing out that the pro-
cedure authorised by the G.O. of 1914
contravenes a fundamental rule that no
money  should be drawn from the
Treasury until it is actually required
for payment, and requesting a re-
consideration of the said Order.

(To be read in-extenso.)

Order:- No. Mc 882-3
347223-17-2
Dated, Bangalore, 15-7-18.

Government do not consider it
desirable to continue the exceptional

Mc 882-3
2577

Mc 882-3
2577

Mc 882-3
2577

procedure sanctioned in the Order read above and they direct that in future no money should be drawn by the Director from the Treasury till it is actually required for payment to the payees concerned.

2. The Director should arrange to close the deposit account in his name in the Mysore Bank at an early date and render full accounts to the Comptroller.

3. Details for the sum of 7895-5-7 refunded to the Treasury when the account in the name of Mr. Chatter-

ton was closed will be called for separately and the matter separately examined in the Administration Department of Government. The Comptroller is also requested to examine the details of the account & submit a report to Govt.

Financial Secretary to Govt.,

To

The Comptroller to Govt.

" Director of I & C, Branch VI.

G.D.N.